



**CALIFORNIA POLLUTION CONTROL FINANCING
AUTHORITY**
CALIFORNIA CAPITAL ACCESS PROGRAM



2010 Annual Report

Background

The California Capital Access Program for Small Businesses ("CalCAP") was established by legislation enacted in 1994. CalCAP is run by the California Pollution Control Financing Authority (CPCFA). The program assists small businesses in obtaining loans through participating financial institutions (lenders). Each lender is entirely liable for its loan losses; however, those losses can be reimbursed from each lender's loan Loss Reserve Account. The Loss Reserve Accounts are built through contributions made by the borrower, lender, and CPCFA.

Historically, CalCAP has benefited from funding provided by CPCFA. In November of 2010, CalCAP received \$6 million from the State. Since that time, CalCAP has used State funds to cover CalCAP matching contributions. This enabled increases to the contribution level, making the Program even more attractive to lenders.

Program Results

- Loan volume. In 2010, CalCAP enrolled 943 loans to California small business owners; 54% of these loans were attributable to the California Air Resources Board (ARB) Program. As of December 31, 2010, the total number of loans enrolled in the program since 1994 is 8,801.
- Loan amount volume. As of December 31, 2010, CalCAP lenders have cumulatively loaned approximately \$1.97 billion since the program's inception in 1994. In 2010 over \$59 million was enrolled in CalCAP out of the approximately \$62 million in loan amounts; 44% went towards the purchase of ARB compliant trucks and retrofits.
- Microloan activity.¹ Of the 943 loans made to California small business owners in 2010, 602 were microloans totaling approximately \$10.3 million. ARB loans made up approximately 51% of the number of loans and 64% of the amount of loan dollars.
- Employment effect. CalCAP loans created/affected 2,045 jobs in California in 2010; 35% of these jobs were attributable to the ARB Program.

Financial Condition

- Loan loss claims. CPCFA staff processed and approved 145 claims filed by lenders against their loan Loss Reserve Accounts. Approximately \$15.3 million was paid from the Loss Reserve Accounts.
- Loan loss reserve balance. As of December 31, 2010, the loan loss reserve balance was approximately \$18.4 million. This is a reduction of approximately \$9 million from 2009.

¹ Microloan is defined as a loan that is for \$40,000 or less.

Program Relationships

California Air Resources Board

In May of 2009, the California Air Resources Board partnered with CalCAP, as an Independent Contributor for the Heavy Duty Diesel On-Road Truck Program. ARB and CPCFA entered into a \$44.3 million dollar contract in order to assist small business owners with heavy duty diesel trucks to meet new state air quality regulations. ARB has agreed to contribute 14% of each loan enrollment toward a participating lender's Loss Reserve Account for the purchase of compliant heavy duty diesel trucks, diesel exhaust retrofits, and Smartway aerodynamic technologies.

Beginning October 18, 2010, ARB increased its contribution to 20% for the next (or first) \$5,000,000 in loans enrolled by each lender. This could equal \$1,000,000 in contributions to a lender's loan loss reserve account.

There are currently 27 CalCAP lenders that have signed up to participate in the Heavy Duty On-Road Truck Program. Seven of those lenders have enrolled loans.

Program Results

- Loan Total. Since the 2009 inception of the Heavy Duty On-Road Diesel Truck Loan Program, 522 loans were enrolled. During 2010 the program's increased popularity resulted in 507 loans for the purchase of 432 trucks and 158 diesel exhaust retrofits. No loans were made for Smartway aerodynamic technologies as of December 31, 2010.
- Loan Volume. As of December 31, 2010, CalCAP/ARB lenders have cumulatively loaned \$27,714,240.81 toward the purchase of compliant trucks and retrofits; \$26,010,804.47 of this amount was enrolled in 2010.
- Employment Effect. Since the inception of the program, CalCAP/ARB loans created/affected 753 jobs; 724 of these jobs were created/affected in 2010.

Financial Condition

- Loan Loss Claims. No claims were filed in 2010 for this program.
- Loan Loss Reserve Balance. Since the inception of the program, a total of \$4,052,988.16 was contributed to the participating lenders' ARB loan Loss Reserve Accounts; of that amount, \$3,814,490.23 was contributed in 2010.
- Total Program Fund. As of December 31, 2010, the amount available from the initial deposit remaining in the ARB program is \$16,781,016.94. An additional \$23,000,000 could be made available by ARB under the contract. Just over 9% of the total fund has been distributed to lender loan loss reserve accounts.

Department of Resources Recycling and Recovery

In 2010, the Department of Resources Recycling and Recovery (DORRR) formerly California Integrated Waste Management Board (CIWMB) paid \$26,000.00 in borrower's premiums for two recycling related business loans, which totaled approximately \$850,000.